

Pelosi's "commission" will be toothless unless changes are made

Very soon, Congressional leaders are expected to announce the creation of a new commission to investigate the real causes of America's crippling financial disaster. House Speaker Nancy Pelosi has reportedly told Treasury Secretary Timothy Geithner that this investigative panel will be modeled on the legendary "Pecora Commission," which held a series of hearings on Capitol Hill in 1933 that arraigned the nation's biggest bankers and stock swindlers



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before an angry and suffering people. Named for Ferdinand Pecora, the cigar-chomping New York prosecutor who oversaw the proceedings, those confrontations mobilized public support for the financial reforms of the New Deal — which curbed the excesses of Wall Street's overclass until they were overturned a decade ago.

But unless the speaker and her colleagues summon much greater courage than they have displayed to date, any comparisons to the Pecora investigation will only highlight the failure of the Democrats to live up to their heritage. The way to begin to understand that incipient disappointment is with a short history lesson, and the way to start that

lesson is to note that the Pecora "commission" was not really a commission at all, in the sense that we have come to understand that term — meaning an excuse for politicians to avoid their responsibilities by palming them off on a group of unelected appointees.

No, the Pecora commission was nothing like that. The so-called commission was in fact the Senate Banking and Currency Committee itself, which under Republican leadership had undertaken a desultory investigation of the

1929 Crash and the onset of the Great Depression that had dragged on for a year or so without much progress. That changed with the election of 1932, which sent Franklin Delano Roosevelt to the White House and gave control of the United States Senate, including the Banking Committee, to the Democrats. In January 1933, Pecora had been appointed to write up the weak and incomplete findings of his three predecessors — but the Senate Democrats, with the encouragement of the new president, encouraged him to continue and extend the committee's investigation.

Armed with full subpoena power, Pecora summoned many of the nation's most important bank-

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ers, brokers and financial operators to the witness table, including J.P. Morgan II, where they endured his harsh and sometimes humiliating public examination. When Morgan confessed that he and many of his partners in the most powerful investment bank routinely paid no income taxes, the furious reaction of the public armed FDR with the political power to enforce reforms, despite the bitter opposition of the bankers. Tax avoidance by the wealthiest men on Wall Street was merely a tantalizing bagatelle in the trove of abuses uncovered by Pecora,

whose findings ranged from the underwriting of bad securities to pay off unsound loans (which may sound familiar) to the inflation of banking stocks through deceptive practices (which may sound familiar, too).

What Pelosi and her colleagues appear to be preparing, with the apparent assent of Obama, is much weaker stuff. She has said that we need to find out what really happened to the nation's finances in order "to make sure something like this never happens again." But if the stakes are so high, why should this grave responsibility be

turned over to retired politicians, former federal appointees and academics, as now seems most likely? Reuters has reported that the new commission's members will probably include former Senators Fred Thompson, Jake Garn and Bob Graham, along with former Commodity Futures Trading Commission chair Brooksley Born (the most impressive name floated so far) and Alex Pollock, a conservative economist from the American Enterprise Institute. Is anyone yawning yet?

By consigning this historic investigation to an unelected panel, the Congressional Democrats are running away from the mission of change that they were elected to fulfill — and the president who popularized that message is implicated in that error as well. What the nation needs now is a serious investigation, backed by the full authority of a joint Congressional Committee and spearheaded by a professional prosecutor like the brilliant Pecora — not a cowardly evasion and a mush-mouthed "bipartisan" report.

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